Child Optimized Financial Education

MOVING FAMILIES FROM VULNERABLE TO THRIVING

BOOKLET 1 : INTRODUCTION

CRS CATHOLIC RELIEF SERVICES

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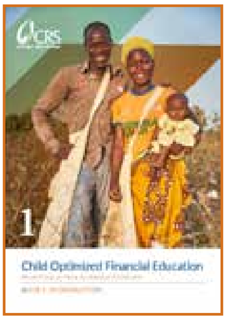
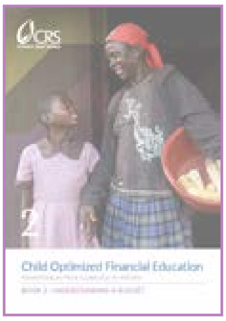
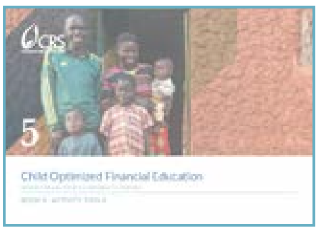
COFE toolkit contents







Acronyms

ASCA	Accumulating Savings and Credit Association
COFE	Child Optimized Financial Education
CRS	Catholic Relief Services
HIV	Human Immunodeficiency Virus
OVC	Orphans and Vulnerable Children
PEPFAR	President's Emergency Plan for AIDS Relief
PSP	Private Service Provider
ROSCA	Rotating Saving and Credit Association
SACCO	Savings and Credit Cooperative Organziations
SILC	Savings and Internal Lending Communities
SMART	Skills for Marketing and Rural Transformation (financial education curriculum)
SOCY	Sustainable Outcomes for Children and Youth
USAID	United States Agency for International Development

Foreword

Creating a financial education curriculum focused on the needs of children

Catholic Relief Services (CRS), is dedicated to building a world in which all people reach their full human potential in just and peaceful societies. As a Catholic agency, CRS values family and the ability of parents and caregivers to create the best possible environment for the children in their care. Poverty is a leading contributor to poor child outcomes—it can increase HIV risk and vulnerability among caregivers and their children, drive children's placement into residential care facilities and create conditions leading to child abuse, neglect, child labor and exploitation. Furthermore, HIV has a negative impact on the financial well-being of poor and vulnerable households due to increased health expenditures, stigma and discrimination against people living with HIV, and decreased productivity or death of caregivers not on HIV treatment. Poor households often have difficulty meeting the basic needs of children in their care including expenses related to education, nutritious food, and healthcare. This is even more challenging for caregivers who are living with HIV or those caring for HIV-positive children.

CRS has been responding to the HIV epidemic since 1986. With generous support from the President's Emergency Plan for AIDS Relief (PEPFAR) CRS has increased access to HIV care and treatment for hundreds of thousands of children and adults, and mitigated the impact of HIV on children, families and their communities. As part of a holistic response, CRS helps to strengthen households economically. One way we do this is by providing access to Savings and Internal Lending Communities (SILC) groups—our community savings group methodology and financial education. CRS' financial education curriculum was designed to help smallholder farmers set goals, increase savings, support prudent spending and sound borrowing. CRS under the United States Agency for International Development (USAID) supported Sustainable Outcomes for Children and Youth (SOCY) Project in Central and Western Uganda, decided to adapt its highly effective SMART Skills Financial Education curriculum to meet the specific needs of vulnerable and HIV-affected families.

CRS' new curriculum, entitled Child-Optimized Financial Education (COFE): Moving Families from Vulnerability to Thriving, is unique among financial education curricula. It helps caregivers look holistically at the financial lives of their families, including the children in their care. It also integrates themes around HIV prevention, care and treatment, child protection and succession planning to support caregiver financial planning, decision-making and ultimately to increase investment in the children in their care.

Through building the capacity of families, CRS is reshaping how vulnerable and HIV-affected communities are served. CRS supports families and communities to progressively become agents of their own change as they identify and grasp opportunities that turn challenging circumstances into a brighter hope for the future of themselves and their children.

Sean Callahan
President and CEO
Catholic Relief Services
Baltimore
December 2018

Preface

The development of the COFE curriculum and toolkit

COFE was designed to be used within orphans and vulnerable children (OVC) projects. COFE was designed to help caregivers make better financial decisions and increase investments in children in their care. With minor adjustments COFE can be used in other projects that support parents and caregivers. For example, family strengthening and deinstitutionalization, education, health and food security projects.

COFE was developed through a partnership between CRS and Picture Impact. As a leader in both PEPFAR OVC programming and savings-led microfinance, CRS was well-placed, with support from Picture Impact, to generate an approach to financial education that responded to the unique financial needs of caregivers of HIV-affected children. Picture impact is a human-centered design studio that uses a co-design process to create materials and tools that are practical, useful and foster behavior change.

COFE was adapted from CRS's Skills for Marketing and Rural Transformation (SMART) Financial Education curriculum, published in 2013. The original SMART Financial Education curriculum was developed under the jointly funded CRS and USAID Modernizing Extension and Advisory Services project. Content for the curriculum was provided by Microfinance Opportunities (MFO) from materials generated under the Global Financial Education Program (GFEP), led by MFO and Freedom from Hunger. The GFEP was designed to support the unbanked and under-banked understand how to maximize available savings and lending services, including savings groups. Financial education can help savings group members elevate the use of savings group services to increase the benefit to themselves and their families. By focusing on informed and strategic decision-making, the GFEP aimed to strengthen behaviors that led to increased saving, more prudent spending, and borrowing for sound reasons. To achieve sustained behavior change, the curriculum used a learner-centered approach and built on what learners already know. It made new content relevant to their lives and provided an opportunity to practice the new skills.

COFE responds to the need for a financial education program to support caregivers of vulnerable children, including those living with and affected by HIV. It was created to help caregivers better manage their financial lives and invest in the basic needs of children in their care while providing a safe and nurturing environment. The adaptation process was a collaborative effort among CRS, CRS partners, SOCY project participants and Picture Impact. During this collaboration, CRS provided technical expertise in financial education, HIV and child protection programming while CRS partners and SOCY project participants supported pre-testing of the new content and images in Uganda. Picture Impact led the adaptation process by facilitating a write-shop to generate new content, pre-testing the new content and images in Uganda and incorporating feedback from CRS staff and project participants into the final materials.

Catholic Relief Services
December 2018

Who is financial education for?

Financial education is relevant for anyone who makes decisions about money. It refers to skills and knowledge that help individuals plan and manage their money.

Financial education helps people to:

- Prepare and plan for life-cycle financial needs.
- Manage variable or seasonal income.
- Make better decisions about financial products.
- Cope with emergencies.

Financial education builds money management skills. It helps people to bridge income gaps, absorb shocks, and prepare for the future, becoming more resilient.

Child-Optimized Financial Education: Moving Families from Vulnerability to Thriving (COFE) was developed to support caregivers of vulnerable and HIV-affected children in PEPFAR orphans and vulnerable children (OVC) projects.

Learning money management skills will help caregivers to be economically stable. It will also help them to meet the basic needs of children in their care—including education, food and health-related expenses. Being economically stable is a step towards graduating from an OVC project.

COFE is designed to help caregivers:

- Make financial goals that will help them provide for the needs of all the children in their care.
- Make good financial choices about income, expenses, budgeting, saving, and borrowing.
- Learn basic money management skills.
- Apply those skills to increase income to better invest in all the children in their care.
- Complement other project activities and trainings by reinforcing messages and behaviors related to good parenting, child protection, and HIV prevention, care and treatment.
- Ensure that financial challenges and the family's need to earn income do not put children and adolescents in harm's way.

Booklets 2 - 5 are designed to support COFE facilitators:

- Learn and teach key concepts related to financial education, child protection and HIV.
- Learn and teach about financial tools and money management.
- Master knowledge and skills related to the use of financial tools and money management.
- Facilitate sessions to caregivers to help them use financial tools and develop money management skills.

Are you an OVC program manager or COFE facilitator?

These planning details are for you.

COFE curriculum in OVC programming

COFE is intended to be used within the context of a PEPFAR OVC project that includes para-social workers, case managers/workers or other trained frontline staff who work directly with families.

Most often COFE will be facilitated by SILC PSPs. However, CRS recommends cross-training on the COFE curriculum within a PEPFAR OVC project. This allows for other actors to play the role of resource person—both to the SILC PSP and to the caregivers. Para-social workers, case managers/workers or other trained frontline staff will best be able to reinforce messages around child protection and HIV prevention, care and treatment.

Facilitating COFE as part of SILC groups

If you are using the COFE curriculum as part of SILC groups, being facilitated by private service providers (PSP) we recommend the following timing:

- COFE chapters 1-4 (Booklet 2) during the first SILC cycle, (months 9-12).
- COFE chapters 5-8 (Booklet 3) during the second SILC cycle (months 13-15).
- COFE chapters 9-12 (Booklet 4) during months 16-19.

Through years of experience with the original curriculum we have found that this timing aligns well with SILC formation and maturation.

Using the COFE curriculum outside of, or in partnership with SILC groups

There will be times when it is more useful to facilitate the COFE curriculum in a place of delivery other than SILC groups.

For example, it may be helpful to deliver COFE during caregiver groups or forums. This will help caregivers start to think about their financial lives and set Specific, Measurable, Achievable, Relevant, Timebound and Safe (S.M.A.R.T. and Safe) financial goals. These goals would include the children in their care and generate demand for participation in savings groups. These goals can help to inform a household's case plan.

It is important to know that COFE Chapters 1-8 (Booklets 2 & 3) work well facilitated outside of SILC groups. However, CRS recommends that COFE Chapters 9-12 (Booklet 4) only be delivered to participants who are also enrolled in SILC groups.

Support from Master Trainers

COFE roll out should be carefully planned in collaboration with CRS' Microfinance SILC PSP Master Trainers to ensure adequate technical support and high-quality delivery, especially if SILC PSPs are not available within the project area.

Let's learn together.

CRS encourages CRS SILC PSP Master Trainers, CRS partners and COFE facilitators to share their experiences using this curriculum with CRS staff. We know there is always room for improvement and you, the facilitator, will become the expert on how COFE works.

When you share your experience and ideas we can continue to refine the materials to better meet the needs of other COFE facilitators, as well as the needs of caregivers and the children in their care.

WELCOME!

Are you facilitating the COFE curriculum?

You do not need any financial education knowledge before you begin. This toolkit will teach you and then help you teach others.

This toolkit is for anyone who is planning to facilitate and teach this content. The families you want to teach are called your participants.

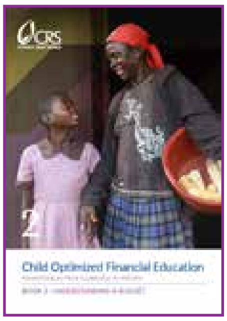
The COFE Curriculum is 12 sessions long. It is recommended that you offer no more than one session each week to your participants. So you will need to plan on at least 12 weeks, or 3 months, of time to finish this curriculum.

This means there are 12 total chapters in the toolkit. In each chapter you will:

- Read and learn the content
- Teach a 75 - 90 minute session to your participants

Contents of the COFE toolkit

The COFE toolkit is a set of five booklets. Each booklet has been developed around a theme. Booklets 2-4 contain the core content, while booklet 1 and booklet 5 provide supporting materials.



Booklet 2 : Financial education basics

This set of 4 chapters teach the basic building blocks of financial management. Everything else uses these beginning concepts.

The booklet starts with big concepts and ends with specific terms and the skills to make a budget.

1

Chapter 1—Your money over time

There are big patterns to how much money you have and spend across a year, it is not always the same. You explore how your money changes during a year. At the same time you begin to see how the needs of children change and what that has to do with your money.

2

Chapter 2—Setting goals

Money is only a tool. It is important because of how you can use it. You will take time to set goals. Goals that you will need money to achieve. This is why you learn financial management.

3

Chapter 3—A plan for your money

You will learn the categories of a budget and how to track what you do with your money using these categories. Organizing your money in this way helps you plan and make decisions about how to use your money.

4

Chapter 4—Needs versus wants

You don't always have the amount of money you would like, you need to make hard decisions. You will think about what is a need and what is a want and apply this to your budget. This will help you use the money you have in ways that care for your children and achieve your goals.

Booklet 3: Savings

This set of 4 chapters focuses on the financial tool of savings.

Savings are a necessary part of financial management. They help you respond to the changes in your money across the year and plan for the future and your goals.

5

Chapter 5—Choosing where to save

There are many options for where to save your money. The best option for you depends on your purpose for saving. You will learn 5 concepts to use that will help you decide where to save.

6

Chapter 6—Creating a savings plan

You will think about your goals and learn how to make savings plans that support your goals. A savings plan is a part of your budget. A savings plan will help you know how much money to set aside each week or month for savings and where to put the money.

7

Chapter 7—Saving for emergencies

Everyone needs money set aside for emergencies. Having an emergency fund helps keep your family well cared for even if unexpected events happen that need money. You will learn to calculate how much money your family needs to have saved in an emergency fund.

8

Chapter 8—Making a succession plan

A succession plan makes sure your family's money, health and well-being is cared for even if you cannot do these things. You will think through who will take care of your children and how you will meet expenses in the event that you are not able to. Having a succession plan protects your children and family from unexpected events.

Booklet 4: Borrowing

This set of 4 chapters focuses on loans as a financial tool for achieving goals.

Loans can be risky and can also be very helpful. Protecting yourself and using loans well as a part of your budget takes skill.

9

Chapter 9—Borrowing money

Loans are a way to use someone else's money instead of your own. When you do this there are some important concepts and terms to understand. Knowing the basics about loans will help you make good decisions about how and when to use a loan.

10

Chapter 10—Interest rates

An interest rate is the key concept to know about taking a loan. Lenders use interest rates to make money. Interest rates can be complicated. Protect yourself from a bad decision by learning about them.

11

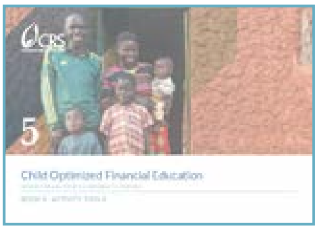
Chapter 11—Deciding to take a loan

Deciding if a loan is a good choice for you and your family is a big decision. A loan must fit into your budget with a plan for paying back the money. There are also others costs in addition to the interest. You will learn how to make good decisions about loans.

12

Chapter 12—Understanding different lenders

Lenders also make decisions about who they will give a loan. You will learn how lenders decide who to give money to and practice making this choice. With this information you can take action to make yourself a good choice for a lender. This way you are more likely to be able to use loans as a financial tool for achieving your goals.



Booklet 5: Activity Tools

This set of tools has:

- Images of key terms
- Story illustrations
- Special sheets for certain group activities

Which activity tools to use for the session you are teaching can be found on the first page of each session called Preparation.

Your role and responsibilities

You will use this toolkit to teach COFE to your participants.

In our experience the first few times you teach the curriculum you will rely heavily on the toolkit. You will read it and need it as a step-by-step guide.

As you gain experience your role as teacher and facilitator will get easier. By the time you have led a session 4-5 times, you will find yourself using this toolkit more as a reference, than as a guide.

To prepare

- You should plan to read and learn the content several days (or more) before you lead a session with your participants.
- It will take you 1-2 hours to read and learn the content. Ideally, you will put the new information into action in your own life. This is the best way to fully understand what you are teaching.
- You should also plan to read through the session facilitation ahead of time. This will also take 1-2 hours.
- Make sure you understand and can visualize the activities you are asked to lead. Doing this before you lead a session will also help you learn the material.
- Take note of and find the materials you will need to bring from booklet 5 to support the activities in the session.

Facilitating a child-optimized curriculum

COFE is a unique financial education curriculum. This is because it highlights the needs of children within families' financial goals and decisions. It also looks at financial education through a lens of HIV and child protection.

It will be helpful to you to know and understand the child-sensitive, HIV-sensitive, and child protection key concepts that are woven throughout the curriculum. In every chapter, these same key concepts apply and should be addressed in some way.

Knowing these ideas separate from the financial content will make you a stronger facilitator.

Child-sensitive, HIV-sensitive, and Child Protection key concepts

Child-sensitive

COFE's child-sensitive approach looks at the needs and well-being of all children in a household. This includes children who are not biologically related to the household head/s. It also includes children living with chronic illness or disability. Children of all ages and genders are considered as well. Caring for all children requires financial planning that looks at children's a) health and nutrition, b) education and c) safety needs.

Some examples include:

a) Health and nutrition: clinic fees, medicine and treatment, medical supplies, antenatal care, menstrual pads/supplies, transportation to clinics, and nutritious foods (fruits/vegetables/protein source);

b) Education: school levies/fees, exam fees, uniforms, books and supplies, transportation fees, transport and fees for extra-curricular activities, day care/pre-school expenses; and

c) Safety: Childcare, birth certificate, transport for parenting classes, and safe housing and sleeping arrangements (more on safety below).

HIV-sensitive

COFE also addresses HIV. It considers the needs of children living with or affected by HIV. Children need help staying HIV-free. They also need to be tested for HIV if they are at risk. If they are living with HIV, they need support in staying on treatment (antiretroviral therapy). They need to get enough sleep and eat nutritious food. These things will help them stay healthy. COFE looks at the impact of HIV on finances. It also helps to reduce stigma and discrimination. In fact, COFE's training stories include positive examples of individuals living with or affected by HIV.

Examples of ways to be HIV-sensitive in financial planning include:

- Getting a child tested for HIV.
- Saving for transportation fees for testing and/or treatment.
- Saving for clinic fees, testing and medicine costs associated with treatment.
- Making sure that children who bring money to the family are not at risk for HIV, such as through trading sex for money.

Keeping children safe (child protection)

Children need to be protected from violence, exploitation, abuse and neglect. Decisions on how families earn income and manage finances can affect children's safety. COFE helps participants think through how money decisions can impact children. It also provides ideas for what families should and should not do to keep children safe.

Examples include:

- Making sure that all children have a birth certificate.
- Keeping children in school instead of taking them out to work.
- For any money that a child or young adult brings to the family, knowing where the money comes from. This is to be sure they're not exchanging sex for money, doing other dangerous work, or accepting gifts from unsafe people.
- Making sure that any work done by a child is safe for their age and does not put them at risk of exploitation or abuse.
- Making sure that work doesn't interfere with schoolwork or needed rest.
- Not using children/children's labor as collateral when taking out a loan.
- Making sure that when an adult is working, children (especially young children) are supervised and cared for.

Caregivers need to be child-sensitive, HIV-sensitive and to keep children safe. This way children will thrive from the financial decisions made by their caregivers.

Glossary of key terms

Accumulating Savings and Credit Association	An Accumulating Savings and Credit Association, or ASCA, is a locally managed, informal group, where members save regularly, borrow from the group savings, and repay the loans with interest.
Achievable	Achievable means that the actions to be taken will allow you to reach your goal.
AIDS	see *HIV*
ART Adherence	see *HIV*
Assets	Any physical item that you own is an asset. Examples are cash, money owed to you, animals, land, a house, etc.
Bad loan	A bad loan is one that will be difficult to repay.
Best interests of the child	The principle of "best interests of the child" means that for every decision that affects a child, the adult should always think about what is best for the child. This includes the short-term and the long-term. Decisions should always promote the child's well-being and enable the child to fulfill his or her rights.
Borrower	A borrower is the person that receives the loan.
Budget	A budget is a summary of estimated income (money in) and expenses (money out) for a specific period of time (such as a week, month or year). It is a plan for your money.
Business expenses	Business expenses are all expenses that are incurred in running a business.
Capacity	The ability of the borrower to repay his/her loan in full and on time.
Capital	Capital in this case is the value of a person's net worth (difference between your assets and what you owe).
Caregiver	A caregiver is the person who is primarily responsible for providing care for a child. This may, or may not, be the biological parent of the child.
Character	Character is a person's reputation. It indicates if he or she borrows and repays on time.

Child development account	A child development account is a saving accounts that begins as early as birth. Parents and children can accumulate savings for education. Matching funds are sometimes available. The account should be restricted for a limited number of uses by a specific child.
Child labor	see *Child protection issues*
Child Protection	Child protection refers to the actions we take to protect children and keep them safe. We aim to keep children safe from all forms of violence, exploitation, abuse, and neglect. We also make sure that children get help if there has ever been any form of violence, exploitation, or abuse. Child protection also means creating an environment that is good for children. The environment should promote children's well-being, positive development, and happiness.
Child protection issues	There are several types of child protection issues that parents, caregivers, and adults who work with children need to prevent: *Violence* Violence is the intentional use of physical force or power – threatened or actual – that causes or could cause harm. Violence includes more than just actions that cause physical harm. It also includes actions that cause emotional and psychological harm *Physical Abuse* Physical abuse of a child is when a parent or caregiver uses physical force that causes or could cause physical injury to a child. *Emotional Abuse* Emotional Abuse is when a parent or caregiver harms a child's mental and social development or causes severe emotional harm. While a single incident may be abuse, most often emotional abuse is a pattern of behavior that causes damage over time. *Sexual Abuse* Sexual abuse occurs when an adult uses a child for sexual purposes or involves a child in sexual acts. It also includes when a child who is older or more powerful uses another child for sexual gratification or excitement. *Exploitation* Refers to the use of the child in work or other activities for the benefit of others, and that hurts the child's physical or mental health, education, or moral or social-emotional development. Exploitation includes economic exploitation of a child and sexual exploitation.

...continued *Child protection issues*	*Neglect* Child neglect is when a parent or caregiver does not give the care, supervision, affection and support needed for a child's health, safety and well-being. Child neglect includes: • Physical neglect and inadequate supervision • Emotional neglect • Medical neglect • Educational neglect
Child labor	Child labor is when a child is doing work that is harmful, or work they are too young to do. If work has a negative effect on the child's education, health, or development, this is called child labor. Children must be protected from this harmful type of work.
Child rights	Rights are things that every child should have or be able to do. All children have the same rights, no matter who they are, where they live, what their parents do, what language they speak, what their religion is, whether they are a boy or girl, what their culture is, whether they have a disability, or whether they are rich or poor. No child should be treated unfairly on any basis. Some examples of rights are: • The right to a legal identity (birth certificate). • The right to the best health care possible, safe water to drink, nutritious food, a clean and safe environment, and information to help them stay well. • The right to food, clothing, a safe place to live, and the right to have basic needs met. • The right to a good quality education. • The right to protection from work that can cause harm or is bad for their health and education. The family has a special responsibility to protect the rights of children and help children exercise their rights.
Collateral	Collateral is an item of value (property or assets) that a borrower pledges for a loan and which can be taken and sold if the borrower cannot repay the loan.

Commercial bank	A commercial bank is a formal financial institution that generally serves a wealthier clientele.
Commitment savings account	A commitment savings account is a type of savings accounts for which individuals can only withdraw funds once they have reached a specific goal.
Cost	Cost is the price and fees associated with the savings or loan mechanism.
Credit union	Credit unions are legally registered, member-owned, and member-governed savings and credit associations that were primarily developed to empower poor communities to manage their own financial resources. These are often called a Savings and Credit Cooperative or SACCO. They are a formal financial institution.
Declining balance	A declining balance is the method by which the interest amount to be paid decreases as the loan principal is repaid.
Debt	Debt is the amount of money you owe to a person, your SILC, or a financial institution. Most debt comes from loans.
Deficit	A deficit is when expenses are greater than income.
Educational savings account	An educational savings account is a specific type of commitment savings to be used for educational purposes. Accounts may be offered by the government or financial institutions. Many come with distribution restrictions i.e., may only be used for the child whose name is on the account.
Emergency fund	An emergency fund is a special savings fund that is only used to pay for unexpected events or emergencies.
Emotional abuse	see child protection issues
Equal installments	An equal installment is where the amount borrowed is repaid in periodic installments of equal amount.
Expense	An expense is the money you spend.
Exploitation	see child protection issues

Financial calendar	A tool that looks at the patterns of income and expenses across an entire year, taking into account differences in the season and school year.
Financial education	Financial education is the set of skills and knowledge that allow individuals to plan and manage their money.
Flat interest rate loan	A flat interest rate loans is when the interest amount remains for each installment the same for the duration of the loan.
Formal financial institutions or formal financial services	Formal financial institutions are institutions that are regulated by the government and provide a wide variety of financial services; such as loans, checking, saving, and insurance services.
Goals	Goals are what you want to achieve (your vision) in the future.
Good loan	A good loan is a loan that can be repaid on time by the borrower and not put any child at risk.
Grace period	Extra period of time a lender gives a borrower between when the borrower receives a loan and when the borrower must start making loan repayments.
Group loans	A group loan is a loan taken by the entire group and for which all members are jointly responsible to ensure it is repaid on time.
Guarantee	A guarantee is a pledge, such as collateral, which guarantees repayment.
Guarantor	A guarantor is a person who pledges repayment in case of default by the original borrower.

HIV

HIV stands for "Human Immunodeficiency Virus." HIV weakens the body's ability to fight infections. Without treatment, HIV makes the immune system very weak and most people will eventually develop serious infections. With treatment, powerful and effective medications fight the virus and protect the body. There is no cure for HIV, but with treatment people can live long and normal lives.

AIDS AIDS stands for "Acquired Immunodeficiency Syndrome." AIDS is the most advanced stage of HIV infection. AIDS occurs when the body can no longer fight infections, and the person becomes very sick. Having HIV does not mean you will have AIDS. Treatment can prevent HIV from advancing to AIDS.

ART Adherence Adherence to ART means taking one's tablets (ARVs) as prescribed by a medical professional. This means taking them at the right time every day, in the right dose, with adequate food and nutrition.

HIV counseling HIV counseling is a form of support for people living with HIV. HIV counseling is offered by doctors, nurses, other medical professionals, and community health workers. HIV counseling is available when someone is first tested for HIV and is also offered to help with ART adherence. HIV counseling can also help when it is time to let a child know their HIV status.

HIV prevention HIV is prevented by avoiding contact with bodily fluids that transmit the virus: blood, semen, and vaginal fluid. For HIV-positive mothers who are breastfeeding their babies, HIV transmission is prevented by adherence to treatment for the mother and giving the baby only breastmilk and no other food or drinks.

HIV-related stigma and discrimination HIV-related stigma and discrimination is prejudice or negative attitudes against people living with HIV and AIDS. Examples of stigma and discrimination could be treating someone poorly when they come for HIV treatment or refusing to buy vegetables from someone living with HIV.

HIV testing services An HIV test is the only way to learn if someone has HIV. Testing for HIV is very simple and involves a small sample of blood, or sometimes oral fluid. Your health care provider can recommend the type of test that is right for you. They will explain how you will get your results and what the results mean.

...continued *HIV*	*HIV transmission* HIV is not transmitted by hugging, touching, dancing, shaking hands, sharing food or drinks, sharing clothes or sharing a bed, or using the same toilet or shower as someone with HIV. You will not contract HIV by being friends with, being in close contact with someone, or taking care of someone with HIV. Sweat, tears, saliva, urine, or feces do not contain the HIV virus. HIV is only transmitted through blood, breastmilk, and semen or vaginal fluids. *HIV treatment* HIV Treatment is lifelong medication given to individuals who are living with HIV. HIV treatment is powerful and effective at keeping the body strong and able to fight off infections. HIV treatment is often called Anti-Retroviral Therapy (ART), or antiretroviral drugs (ARV). By taking HIV treatment regularly for the rest of their lives, children and adults who have HIV can live a long and normal life. *Viral Load* Viral load is the amount of HIV in a sample of blood. HIV treatment works by keeping the level of HIV in your body low. This lets your immune system recover and stay strong. One test used to monitor how well your treatment is working is called the viral load test. This is a blood test, and it shows the level of HIV in your body. If you are taking your treatment always as instructed and your treatment is working very well, your viral load can become undetectable. The HIV is still there, but the amount of virus in your blood is so low it cannot be detected by a test. You still have HIV, but it is being kept under control by the HIV treatment. You should have a viral load test 6 months after you start treatment, and then once every year.
HIV counseling	see *HIV*
HIV prevention	see *HIV*
HIV-related stigma and discrimination	see *HIV*
HIV testing services	see *HIV*
HIV transmission	see *HIV*
HIV treatment	see *HIV*
Household expenses	Household expenses are expense incurred in managing the household. Examples are food, clothing, housing, etc.

Income	Income is the money that flows into your household.
Indirect costs	Indirect costs are costs that are not a direct bill, but are costs to you or your family to use a services .
Informal financial services	Informal financial services are all financial transactions (loans and deposits) that take place outside government regulation or supervision.
Input credit	Input credit is a short-term form of finance whereby farmers buy agricultural inputs and/or services that do not require immediate payment to the input supplier.
Input supplier	An input supplier is a vendor that sell inputs; such as seeds, fertilizers, and chemicals.
Interest	The amount of money that the borrower pays to the lender for the use of the loan. This payment is in addition to paying back the loan principal amount.
Invest	To invest is to put money in a business activity, with the expectation of making a profit from that business.
Lender	A lender is a person or institution that provides a loan.
Liquidity	Liquidity is the ease in which assets can be converted into cash.
Loan	A loan is something that you borrow for temporary use under a promise to repay at a certain timeframe in the future.
Loan default	A default is when a borrower does not repay a loan.
Loan disbursement	A loan disbursement is when the lender gives the loan to the borrower.
Loan repayment	A loan repayment is when a borrower makes a payment towards his or her loan.
Loan term	The period of time that the borrower has to use the loan and repay it.

Long-term goals	Long-term goals are things that we want to accomplish that will take more than 2 years to achieve.
Measurable	Measureable means that there are milestones in place to assess your progress towards achieving your goal.
Medium-term goals	Medium-term goals refer to goals that we want to achieve over the next 1-2 years.
Microfinance Institutions	Microfinance institutions or MFI are regulated financial institutions that are designed to work with households that have little or no collateral and have smaller borrowing capacity than clients of commercial banks.
Mobile money	Mobile money is the use of a mobile phone to transfer funds between financial institutions or accounts, to deposit or withdraw funds, or to pay bills.
Moneylenders	Moneylenders are individuals that offer small loans that may or may not require collateral at high interest rates.
Needs	Needs are expenses that are absolutely necessary, such as food and shelter.
Neglect	see child protection issues
Non-discrimination	Non-discrimination is the practice of treating all children fairly. It means not treating any child unfairly because of who they are, where they live, what their parents do, what language they speak, what their religion is, whether they are a boy or girl, what their culture is, whether they have a disability, or whether they are rich or poor.

Nutritious foods	Nutritious foods are foods that provide enough energy and variety to meet all the body's needs. Good nutrition means eating mixed meals that include carbohydrates, fat, protein, vitamins and minerals. It means eating enough but not too much and eating foods that are mostly natural (not candy or artificial foods). *Protein* Protein helps the body to build cells, muscles, and body tissues as well as immune cells and other parts of the immune system. Protein comes from beans, pulses, nuts, eggs, meat, fish, and milk. *Carbohydrate* Carbohydrates provide energy for the body. Foods like rice, maize, cassava, and other root vegetables can provide energy.
...continued. *Nutritious foods*	*Fat* Fat provides a concentrated source of energy and the fatty acids needed for growth and health. Fat helps the body absorb some vitamins. Fats come from oils, nuts, some fruits such as avocadoes and coconut and meat and dairy products. *Vitamins and Minerals* Vitamins and minerals work together to help build strong bones, heal wounds, strengthen the immune system, and keep the heart healthy. Foods that are naturally green, red, yellow, orange, and purple contain a variety of the vitamins and minerals that you need.
Outstanding loan principal	Outstanding loan principle is the amount of the original loan that remains to be repaid.
Physical Abuse	see child protection issues
Principal	The original amount of the loan.
Profit	Profit is the gain received from an investment and which is greater than the expenses or amount invested.
Relevant	Relevant means a goal is in support of your family's well-being, taking into account all children under your care. The goal is related to helping your family thrive.
Remittances	Remittances are cash received from an external source. In most cases a family member who is living and working outside the community.

Repayment Schedule	A repayment schedule shows when interest and principal payments are due and the amount to be paid at each installment.
Risk	Risk is the potential for loss.
Rotating Saving and Credit Association	A Rotating Saving and Credit Association or ROSCA, sometime referred to as a merry- go-round, susu, or tontine, are saving groups where each group member save a specific amount at a set (daily, weekly or monthly) interval and which member receive in turn the amount for that interval, until all members have received a turn.
SACCO	Savings and Credit Cooperative Organizations are formal financial institutions. They are cooperative, meaning they are owned and controlled by their members. SACCOs are not-for-profits and exist to provide members with a place to save money and get loans at reasonable rates.
Savings	Savings it the putting aside of money so that it can be used in the future.
Savings group	A savings group is a group made up of members whose objective is to save their money together over a period of time.
Savings in-kind	Savings in-kind means to keep saving in goods, such as animals, jewelry, stored grain, or any other asset.
Savings plan	A savings plan is when a person sets a savings goal and works to achieve it. It includes a goal, cost, time period, and savings option.
Season	A season is a distinct period of the year characterized by particular conditions of weather, temperature, or events.
Seasonal income	Seasonal income is a type of cyclical earning pattern whereby one earns money only during some parts of the year.
Sexual abuse	see *Child protection issues*
Short-term goals	Short-term goals are the things we want to achieve over the next 1-2 months.

S.M.A.R.T. and Safe	S.M.A.R.T. and Safe is the acronym for something that is specific, measurable, achievable, relevant, time bound, and safe.
Specific	Specific means having a defined monetary value and enough detail to be clear and understood by others.
Surplus	Surplus is the money remaining when income is greater than expenses.
Timebound	Timebound means that a goal has a specific timeframe or deadline.
Unexpected expense	An unexpected expense is something for which we cannot anticipate it occurring. The most common expense would be for an illness or a loss due to fire, flooding, or theft.
Violence	see *Child protection issues*
Viral Load	see *HIV*
Wants	Wants are optional purchases, such as buying a soda or grilled meat at the market that are not absolutely essential.

Quick reference sheets

Included here is a series of 12 quick reference sheets, one for each chapter. These quick reference sheets contain key messages and definitions of key terms.

You can tear them out for use while facilitating the sessions, or keep them in this booklet.

1 – Your money over time

1

Objective

Help participants see overall patterns in their financial lives and think about their money over time.

Key messages

1. Sometimes you have a lot of money, sometimes you do not.
2. Seeing your money in a whole year helps you plan ahead.
3. A plan for your money is necessary for stability and achieving goals

Terms and topics that may come up

Income	Income is the money that flows into your household. It is the money earned from selling goods, providing services, or other income generating activities.
Expense	An expense is money that you spend.
Expenses for the well-being of children	There are three types of expenses that all parents and caregivers must consider—education, nutritious food, and health.
Seasonal Income	If you are a farmer, you might make the most income during a harvest season. If you own a business, you might sell more products near a holiday. This change in earnings is called seasonal income.
School Year	When you are caring for children the school year also impacts your money and changes depending on the time of year. There are different school terms, times for exams, holidays and vacation when children are out of school and need care.
Financial calendar	A financial calendar is a tool that helps track your income and expenses from season to season. Getting a bigger picture of your income and expenses over time helps you make a plan that will be good for the whole year, especially to help you plan for times when there is little work or income.
Surplus	When a family has more income than expenses it is called a surplus.
Deficit	When a family has more expenses than income it is called a deficit.

Savings	Savings is money that you put aside for later use. It is important to plan to save some money. Without planning ahead this can be difficult to do. Savings can be used during the season when expenses are mot than income to cover the gap.

2 – setting goals

2

Objective

Have participants make S.M.A.R.T. S. goals for themselves. Use these goals to motivate participants to learn and use financial tools so they can achieve their goals.

Key messages

1. Goals are best when they are S.M.A.R.T. and Safe
2. Each family member, including children, may have different goals
3. Learning good money management helps you achieve your goals

Terms and topics that may come up

Accountability Buddy	An accountability buddy's job to help you apply what you learn here. They will remind you of your goals. They will be a good listener. They will help you solve financial problems. It is always good to have another person to help. You will help each other.
Goals	Goals are dreams with specific indicators that tell you when you have achieved them by a specific time in the future.
Children can have goals too	Children's goals are likely to be different from their parents' goals because children have different situations and priorities. Learning how to set and achieve goals is a good activity for children.
Short-term goals	Things you want to achieve for you and your children, over the next 1-2 months. These do not usually require additional skills or many additional resources.
Medium-term goals	Things you want to achieve for you and your children, over the next 1-2 years. These goals could involve a big change in our lives. We may need more time to learn a new skill or save for more money in order to reach a medium-term goal.
Long-term goals	Things you want to achieve for you and your children sometime in the future. They are our dreams that will take more than 2 years to achieve.

Features of S.M.A.R.T. and Safe goals

S. Specific:	Specific means having a defined monetary value and enough detail to be clear and understood by others.
M. Measurable:	Measurable means having indicators in place to assess your progress to achieve your goal.
A. Achievable:	Achievable means having a clear path to reach your goal. This means knowing the steps to take to reach your goal. And dividing your goal into individual tasks or actions that you are able to complete.
R. Relevant:	Relevant means a goal is in support of your family's well-being, taking into account all children under your care. The goal is related to helping your family thrive.
T. Time Bound	Time Bound means a goal has a specific timeframe or deadline.
S. Safe	Safe means that working towards the goal or achieving the goal is safe for all children in the house and will not cause any harm.

3 – A plan for your money

3

Objective

Teach participants how to read and make a budget.

Key Messages

1. A budget is a plan for your money
2. A plan for your money helps you to achieve your goals
3. A good budget plans for the needs of each household member

Terms and topics that may come up

Income	Income is all the money that comes in to your household or business.
Expenses	Expenses are all the money that you spend or use.
Types of Income	1. Selling goods: exchanging things for money from others 2. Providing services: getting paid for work 3. Loans: money or goods that you borrow for now and must repay later 4. Gifts or remittances: money or goods from others that you do not have to repay
Types of Expenses	1. Household expenses: the money you spend to take care of the things and people in your household 2. Business expenses: any money you spend on your work activities. 3. Unexpected expenses: things that cost money but are not planned, like a family member getting sick 4. Savings: this is money you put aside for later. You still have this money, but it is an expense because you do not use it to buy goods and items for your household right now.
Tracking money	This means recording the amount of income and how much money you spend and on what. You track for one week or one month.
Budget	A budget is a plan for the money you expect to come in and go out of your household. A good budget is a detailed list of your income and your expenses. It covers a specific period of time, such as a week.

4 – needs vs. wants

4

Objective

Help participants adjust their household budgets to prioritize needs and take into account all children in the household.

Key messages

1. Not all expenses are the same—some are needs, others are wants
2. Each child and household member may need different things
3. Tracking our money and budgeting helps us make better choices about our money

Terms and topics that may come up

Needs	The items on the left are necessary for the wellbeing of household members. You cannot be without them and do well. They are needs.
Wants	The items on the right are optional. They are things that people like, but can live without. These are wants.
Both a need and a want	Depending on children's age or special needs something that is not important for one child could be a need for another child. For example, a 3-year-old child will not need a backpack, but a backpack is a need for a seven year old child.
Prioritize expenses	By separating items in your budget into needs and wants, you can begin to prioritize what you want to spend money on. As you look at what is a need and what is a want, in your budget, you can decide: • Which items are the most important to include • What you may not need now and can wait to buy • In what categories of expenses you can reduce to have a surplus
Adjusting your budget	When your budget doesn't match what you actually make and spend, you may need to make adjustments. One way to correct for a deficit is to lower the amount you budget for things that you want, but don't need. By spending less money on wants, you will have more money for your needs. Another way to correct a deficit is to look for ways to increase your income. What's important to think about is not involving the children in ways that make them unsafe or that get in the way with their school or rest.

Budget layout

5 – Choosing where to save

5

Objective

Give participants the tools to make good savings choices.

Key messages

1. Savings help create stability for a family
2. There are many different reasons to save money
3. There are many different ways to save money
4. Choosing a savings option will depend on your needs

Terms and topics that may come up

Saving and savings	To save is to put aside money so that you can use it in the future. Savings are an accumulation (an increase or collection) of assets. Assets can include cash, money owed to you, animals, and any item within your household or business. Any physical item that you own is an asset.
Formal and informal	Formal savings options are services that are government regulated. Informal services or options are not.
Ability to convert to cash	This is how easily can you access your savings as cash
Risk	Risk refers to the potential of loss.
Cost	Cost is the price and fees associated with the saving option.
Profit	Profit refers to money you make from interest or return on the funds.
Ease of use	Ease of use is how easy it to save. To achieve savings goals, it is important to save small amounts regularly.
Saving at home	Money at home is very liquid, it is always available and in cash. Money kept at home has risks because it can be easily spent or stolen. Saving at home is very convenient and does not have any fees. It also does not earn any interest or increase in value. When saving money at home, it is easy to make deposits.

Savings Groups	Savings groups are have many different names: Accumulating Savings and credit associations (ASCA), Village Savings and Loans Associations (VLSAs), or Savings and Internal Lending Communities (SILC groups). In a savings group, self-selected members of 15 to 30 people commit to making a savings contribution at regular meetings (every week). During these meetings, members can request loans from the group's savings contributions. Many savings groups create a separate fund for emergencies. Some savings groups also have education funds that allow a member to commit their savings over time toward education expenses.
Savings Account (at a bank or SACCO)	Financial institutions are safe and many countries insure the deposits. The risks in saving at financial institutions in some countries that do not have enforced or developed banking regulations can be higher. Generally financial institutions allow for immediate withdrawal of cash. Fees depend on the type of account.
Mobile Money Services	Mobile money can be a very liquid asset, but depends on the availability of an agent in your area. Most telecommunication companies are safe places for your money with developed regulations with host countries. Most mobile money operators do not offer any interest. There is usually a minimum deposit amount and a maximum allowable withdrawal amount.

6 – Creating a savings plan

6

Objective

Encourage the creation and use of savings plans as a way to achieve family goals.

Key messages

1. A savings plan is part of a budget
2. A savings plan helps you take action to save for your goals
3. You might need to prioritize your savings goals to work on one or just a few at a time.

Topics and terms that may come up

Savings plan	A savings plan as 4 things: 1. A savings goal is a specific purchase or expense, such as school fees, medical treatment or an emergency fund, for which you are putting aside money. 2. The cost is how much you will need to make the purchase or reach your savings goal. 3. The time is how long you have to reach your goals. This might be determined by how and when you want to make your purchase, or how much you are able to save each week. 4. Hw you will save your money is the choice you make about where to save. You have many options, as discussed in the previous session.
Calculate how much to save now	To find out how much you need to save each week, you will divide the total cost of your savings goal by the number of weeks (or months) you have before you need to meet your goal. *Example: Your savings goal costs 8. You need the money one month from now.* *8 (total cost) / 4 weeks = 2 each week. You need to save 2 each week.*
Saving in-kind	Keeping savings as goods (assets), such as animals, jewelry, grain, or a house, is safer than savings in cash, but could still be stolen. It also carries risk of losing value —animals get sick, grain spoils, houses need repair. It is not quick or easy to sell an asset in order to spend the money.

7 – Saving for emergencies

7

Objective

Help families prioritize and set a goal for an emergency savings fund.

Key messages

1. It is necessary to have an emergency fund to protect your family.
2. Emergencies can put children at risk.
3. There are two ways to set an emergency savings goal. You can multiply weekly expenses by 12 or add together the cost of an emergency in the past.

Topics and terms that may come up

Emergency	Emergencies come about unexpectedly, and can often be very costly. Some emergencies, such as falling mildly ill, can be small and won't affect your finances. Other emergencies, such as having a serious accident, can require large amounts of money. Emergencies not only cost money, they can also stop you from earning your normal income for a long time.
Emergency fund	Money that you save for an emergency is called an emergency fund. An emergency fund ensures that your children will get enough to eat, be healthy, and stay safe if something bad happens and you need more money. An emergency fund should be part of everyone's budget.
Setting an emergency fund goal	A good emergency savings fund has enough money for 12 weeks of expenses. It is simple, there are only two steps to this method. 1. Estimate your average expenses during the course of one week. 2. Take your average expenses and use a calculator to multiple that number times 12. This will give you the amount you need for a good emergency fund. *OR* Another strategy to save for an emergency is to think about past emergencies. How much did you spend? Looking at costs or losses in the past can help you set a savings goal for emergencies in the future. Ask yourself the following questions about if the same emergency happened again: • How much income would you lose? • How much money would your household need for its expenses? • What are the impacts on the children?

8 – Making a succession plan

8

Objective

Help participants plan ahead for the care of all their children, protecting their families for when there are unexpected events.

Key messages

1. It's important to consider how to care for your children if you are unable
2. A succession plan includes the money, health and well-being for your family in your absence
3. You should discuss the plan with your children
4. You should tell people you trust about the plan so it can be followed if you are gone

Topics and terms that may come up

Succession plan	A succession plan is a plan for how your family's expenses will be paid and how your children will be cared for a safe in your absence of any amount of time.
A succession plan has two parts	1. Who will take care of your children 2. How you will meet the expenses of your children Each succession plan is different, and the details that you need to decide will depend on how you earn income and the needs of the children in your care. It is important to talk with the people you want to run your business or care for your children. They will need to agree to the plan in advance. The person you choose for your business may be different than who you choose for your children.
Thinking of your children	You will need to select someone who is able to see to their needs. This person should be trusted. You will need to discuss the following with the person you choose to care for your children: • Any special health needs for your children • School schedules and expectations • Regular expenses for the children's well-being; nutritious food, education and health • Keeping the children safe; knowing where they are, their regular activities

Business	You will want to think about how you earn money and who can take this on while you are away. Your succession plan will need to include: • Who will run your business if you are unable to (someone you trust, often a family member). • How he or she will be trained in the business • How that person will earn money, as he or she cannot run your business for free. • How profits should be used for your family. • All of the details needed to run your business successfully. • How and when you will take your business back.

9 – Borrowing money

9

Objective

Introduce the concept of loans, helping participants understand when they are a useful financial tool.

Key messages

1. Lending money is a business. It costs money to use someone else's money.
2. When you take a loan you need a plan to repay both the money and interest.
3. Borrowing money for an investment can help you make money to repay the loan.
4. Failing to pay back a loan can put your family and children at risk.

Topics and terms that may come up

Loan	A loan is something, either money or another item, that you borrow for a little while and then have to repay or give back.
Lenders	• Bank or SACCO • Savings group • Micro Finance Institution • Neighbor or friend • Moneylender
Principal + Interest	The principal of a loan is the amount of money you borrow from the lender. Interest is the extra money you have to repay. Interest is usually calculated as a percentage of the principal. This means the more money you borrow, the more interest you have to pay. Interest as a percentage of the principal is called the interest rate.
Reasons to take a loan	Only loans for investment can help you earn income that will help you repay the loan.
Investing	Many people borrow money to grow their own income generating activities or to help grow someone else's income generating activities for a share of the profit. A good investment can create a profit, which can be used to repay the loan and the interest.
Responding to an unexpected event	When an emergency occurs you may need money quickly. If you don't have enough money in savings or an emergency fund, you may need to borrow money to meet these expenses.

Consuming or consumption	Some people borrow money to purchase an item today which they do not have the money to purchase through savings or their income. Some people borrow more during the lean season to purchase items while they have less income during that period.

10 – Interest rates

10

Objective

Give participants the skills they need to decide between different lending options.

Key messages

1. To understand the cost of a loan, you need to know three things: the loan principal amount, the interest rate, and the loan term.
2. Careful! the lowest interest rate is not always the cheapest.
3. Calculating the cost of interest yourself is important so you can choose the best loan.

Topics and terms that may come up

Principal	The principal of the loan is the amount of money that you have borrowed. You will always have to pay back the principal of the loan.
Loan disbursement	Loan disbursement is when the lender gives you the principal of the loan.
Interest	Interest is the fee you pay the borrower for using the money. The interest rate is usually stated as a percentage of the principal. The amount of interest is calculated for your loan on a time interval: each day, week, month, year, or over the total loan period.
Loan term	The amount of time you have to repay the principal and interest is called the loan term.
Fees	Fees are charged by financial institutions for various activities. These activities can include the loan application, early repayment of a loan, transferring funds from a savings account to the loan account, making late payments, and others.
Grace period	A grace period is when there is time between when the loan is disbursed and when the borrower must start repaying the loan.
Direct costs of a loan	The principal, interest, and fees are called direct costs of a loan. They are monetary costs paid directly to the lender.

Flat interest rate	A flat interest rate means the interest is calculated as a percentage of the entire principal for the length of the loan term. Each interest amount for every payment, whether weekly or monthly, will be the same. Example: Sarah wants to take out a loan of 20. This is the principal. She is told the interest rate is 2% per week. The loan term is 4 weeks. Sarah would pay 0.4 each interest payment. (20 x 0.02 = 0.4) Sarah's loan will have a total direct costs of 1.6. (0.4 x 4 = 1.6)
Declining interest rate	With a declining interest rate, the interest amount decreases as the loan principal is paid off. The interest amount is recalculated each month based on the amount of principal you have left to pay.

11 – Deciding to take a loan

11

Objective

Give participants the skills they need to make smart borrowing decisions for their family.

Key messages

1. Taking a loan has costs in addition to the interest due. It's important to remember these costs too.
2. The monthly loan repayment should always be less than 20% of your income.
3. You should consider how the loan will affect different members of your household, including children. Children are never responsible for repaying money borrowed by adults.

Topics and terms that may come up

Collateral	Collateral is something that you promise to give to the lender if you default on your loan.
Guarantor	Having a guarantee involves including another person (usually a family member), who promises to pay back your loan if you are unable. This person is called the guarantor.
Group guarantee	A group guarantee is when the savings group agrees to pay back a loan if one of their member defaults and cannot.
Loan default	If you cannot pay back a loan, it is called a loan default.
Indirect costs	Indirect costs are not charged directly by the lender to the borrower, but still cost the borrower money. These costs might include transportation costs or time away from work.
Fitting a loan into your budget	When you take your average income minus your average expenses, if you have money left over it is called a surplus. This is the money that you could use to repay pay your loan, without making any changes to your current budget plan. In general, you should look to have a loan payment that is less than or equal to your surplus.
The 20% rule	The 20% rule means that your loan repayment each month should not be more than 20% of your income each month. If you have more than one loan then the total of all your required payments in a month should not be more than 20% of your income. This is because loans that take up a large share of your income can be very difficult to repay.

Where to record a loan on your budget	In order to keep track of your loans, it is important to record it in your budget. There are two places that a loan will go into your budget. 1. The loan disbursement should be recorded as income. It is money that comes into your household or business. 2. The payments you must make on your loan are recorded as expenses.

12 – Understanding different lenders

12

Objective

Help participants understand how to become credit worthy in the eyes of lenders.

Key messages

1. Not all lenders or loans are the same. It is important to find the right one for your situation.
2. Lenders choose who they give money to carefully.
3. You can take action to make yourself more likely to be approved by a lender.

Topics and terms that may come up

Capacity	A person's Capacity is their ability to repay a loan. Lenders want to be sure you will be able to make monthly loan payments. A person with capacity to pay back a loan would be one that has a stable source of income that is greater than their expenses.
Character	A person's character is portrayed by their credit history, which is the record of all of their previous debts. If you have a history of defaulting on loans, the lender will be unlikely to offer a loan. If you don't have any credit history, meaning you have not taken loans before, a financial institution might offer a group loan, expect more collateral, charge a higher interest rate, or give you a smaller loan.
Capital	Lenders are more likely to give you a loan if you have capital. Your capital is all of the things that you own, including money and other things that have monetary value.
Collateral	Collateral is the property and assets that a lender can take from you if you cannot repay the loan. The larger the loan you take out, the greater the value of the collateral you will have to give in order to secure the loan.

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